



Citizens Utility Board of Wisconsin, Inc.  
Thomas Content - Executive Director

P.O. BOX 8983 | Madison, WI 53708-8983  
608-251-3322 | staff@cubwi.org

Public Service Commission of Wisconsin  
RECEIVED: 4/12/2023 5:07:00 PM

April 12, 2023

VIA ERF

Mr. Cru Stublely  
Secretary to the Public Service Commission of Wisconsin  
4822 Madison Yards Way  
Madison, WI 53705

Re: Construction Costs for the Cardinal-Hickory Creek Transmission Project, Docket No. 5-CE-146

Dear Secretary Stublely:

The Citizens Utility Board (“CUB”) writes to urge Commission oversight of ongoing construction spending on the Cardinal-Hickory Creek Transmission Project (“the Project,” “the line,” or “CHC”) that the Commission approved September 26, 2019.<sup>1</sup>

CUB will not repeat its previous pleas to the Commission<sup>2</sup> but reiterates that since the U.S. District Court for the Western District of Wisconsin, on January 14, 2022, revoked the permit that would have allowed the Project to cross the Mississippi River, American Transmission Company LLC (“ATC”), ITC Midwest LLC (“ITC”), and Dairyland Power Cooperative (“Dairyland”) (collectively, “the Utilities”) have presented no viable alternative for connecting the Iowa and Wisconsin segments. Equally, if not more, concerning is that as of May 20, 2022 there has been no apparent cost cap for the Project. This is when the Utilities notified the Commission simply that their costs will exceed 110 percent of the originally-approved project cost of \$492,216,000,<sup>3</sup> or \$541,438,000, but provided no revised estimate of their expected total costs to the Commission and the public.

Since that time, over 10 months ago, the Utilities have not told the Commission what they expect to spend in total for the line. The Utilities’ Quarterly Progress Report for 4<sup>th</sup> Quarter of 2022<sup>4</sup>, filed January 30, 2023, raises concerns that total spending on CHC may *significantly* exceed approved costs and that costs being incurred may not be prudent.

The Progress Report, a 4-page letter plus an attached table of project costs, briefly describes ongoing engineering and design activities; real estate activities, which appear to be largely completed as of December 31, 2022; and construction activities, which are in various stages of completion. The Progress Report says that the construction of the Mississippi River Crossing to Hill Valley transmission line segment “is 50% complete” and the construction of the Hill Valley to Cardinal segment “is approximately

<sup>1</sup> Joint Application of American Transmission Company LLC, ITC Midwest LLC, and Dairyland Power Cooperative, for Authority to Construct and Operate a New 345 kV Transmission Line from the Existing Hickory Creek Substation in Dubuque County, Iowa, to the Existing Cardinal Substation in Dane County, Wisconsin, to be Known as the Cardinal-Hickory Creek Project, *Final Decision* ([PSC REF#:376391](#)),

<sup>2</sup> See “CUB Letter Requesting Reopening of Docket” (Jan. 28, 2022) ([PSC REF#:430102](#)); “CUB Response to Utilities and MISO” (March 7, 2022) ([PSC REF#:432174](#)); and “CUB Letter Concerning Cost Overrun” (June 2, 2022) ([PSC REF#:439595](#)).

<sup>3</sup> “Co-Owners Cost Update” (May 20, 2022) ([PSC REF#:438410](#)).

<sup>4</sup> “Progress Report” ([PSC REF#: 457831](#)).

47% complete.”

One could reasonably conclude that significant construction work remains, yet the Utilities report having spent the vast majority of originally-approved costs and are quickly approaching (or may have exceeded) 110 percent of approved costs. Specifically, as presented in the cost table attached to the Progress Report, as of December 31, 2022 the Utilities had spent \$472,642,892, or 96.0%, of the originally-approved \$492,216,000 total project budget. With respect to Wisconsin project costs, the table indicates that the Utilities had spent \$391,419,380, or 92.2%, of the approved \$429,325,000 Wisconsin project budget.

To understand what this means for Wisconsin customers, in early 2023 CUB asked the Utilities for estimates of (1) how much of the Wisconsin project is completed and (2) how much the Utilities anticipate spending on the project, both in Wisconsin and overall. The Utilities declined to provide this information. CUB urges the Commission to exercise its authority under Wis. Stat. § 196.02<sup>5</sup> to require them to do so.

When the Commission approved the Utilities’ CHC application, it found, pursuant to Wis. Stat. § 196.491(3)(d)3t, that the benefits to Wisconsin customers of CHC *as proposed* were “reasonable in relation to their cost.”<sup>6</sup> It further found, pursuant to Wis. Stat. §§ 196.491(3)(d)5 and 196.49(3)(b), that “[c]ompletion of the project *at the estimated cost*. . . will not add to the cost of service without proportionately increasing the value or available quantity thereof.”<sup>7</sup> Such findings are required in order for the Commission to grant a Certificate of Public Convenience and Necessity (CPCN).

That was over three and one-half years ago. Since then, public benefits of CHC have become questionable,<sup>8</sup> costs have risen,<sup>9</sup> and the Utilities have not supplied the Commission or Wisconsin customers with an estimated project cost. The Commission should order the Utilities to estimate and file an expected total project cost so that the Commission may take appropriate action in the public interest based on current, accurate, and complete information.

Respectfully,



Cara Coburn Faris, CUB General Counsel



Thomas Content, CUB Executive Director

Cc: Parties (via electronic mail)

<sup>5</sup> Wis. Stat. § 196.02 confers on the Commission the “jurisdiction to supervise and regulate every public utility in this state and to do all things necessary and convenient to its jurisdiction.” Wis. Stats. § 196.39(1) explicitly includes among these the power to “at any time. . . rescind, alter or amend any order fixing rates, tolls, charges or schedules, or any other order made by the commission” and to “reopen any case following the issuance of an order in the case, for any reason.”

<sup>6</sup> *CHC Final Decision*, p. 7.

<sup>7</sup> *Id.* (emphasis supplied)

<sup>8</sup> See “CUB Letter Requesting Reopening of Docket”, *supra*, and “CUB Response to Utilities and MISO,” *supra*.

<sup>9</sup> See “CUB Letter Concerning Cost Overrun,” *supra*.